



Technical Note
Gross Domestic Product
Third Quarter of 2006 (Final)
December 21, 2006

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release. The complete set of estimates for the third quarter is available on BEA's Web site at www.bea.gov; a brief summary of "highlights" is also posted on the Web site. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("GDP and the Economy").

Sources of Revision to Components of Real GDP

Real GDP growth in the third quarter was 2.0 percent (annual rate), which was 0.2 percentage point less than that in the preliminary estimate. The downward revision to real GDP mainly reflected a downward revision to consumer spending for services:

- The downward revision to consumer spending for services was mostly accounted for by medical care services and reflected newly available Census Bureau quarterly services survey data.

The price index for gross domestic purchases increased 2.2 percent in the third quarter, 0.1 percentage point more than in the preliminary estimate. The price index for state and local government spending was revised up, based on newly available price data from the Federal Highway Administration.

Corporate Profits

Profits from current production increased \$61.5 billion, or 3.9 percent (quarterly rate), in the third quarter, compared with an increase of \$22.7 billion, or 1.4 percent, in the second.

In the third quarter, real gross value added of nonfinancial corporate business increased, and profits per unit of real value added also increased. Effective with today's release, the estimates of real gross value added of nonfinancial corporate business were revised beginning with 2003, reflecting the use of a revised deflator for nonfinancial industries from the annual revision of the GDP-by-industry accounts.

Brent R. Moulton
Associate Director for National Economic Accounts
Bureau of Economic Analysis
(202) 606-9606